

# BUFFALO DISTRICT OFFICE NEWS

**AUGUST 2008**

## INSIDE THIS ISSUE:

Economic Stimulus Act of 2008 Benefits Small Business	1
FREE General Industry Safety Training	2
SBW Nominations	2
Economic Stimulus Cont.	3
Financial Management for Small Business	3
Spotlight on Small Business	4

**JULY 2008 Lending Reports Available**

**Reports can be viewed at:**

**[www.sba.gov/ny/buffalo](http://www.sba.gov/ny/buffalo)**

Look under **"Resources"**

Helping small businesses **start**, **grow** and **succeed**.



*Your Small Business Resource*

## DISTRICT DIRECTOR'S CORNER



### **Economic Stimulus Act of 2008 Benefits Small Business By Franklin J. Sciortino, District Director**

Many of us have either already received or are expecting soon our economic stimulus checks from the IRS. Those checks are an important part of the Economic Stimulus Act of 2008, but for small businesses, there are other provisions in the law with the potential for far greater benefit.

The most important thing to remember about the act's small business benefits is that the special bonus depreciation provision expires at the end of 2008 and the Section 179 expensing provision expires at the end of your business tax year that begins in 2008. Time is definitely of the essence to take advantage of these opportunities.

The act allows far more depreciation deductions on purchases of most types of tangible property and computer software bought this year. These deductions reduce the taxable income of the business or its owners, with the potential to dramatically reduce your 2007 or 2008 business tax year liability. This means you will recover a far larger portion of the price of property placed in service this year through tax savings than you normally would. Your business will benefit from the additional productivity from the new machinery or equipment, you will benefit from the tax savings, and the economy will benefit from the additional economic activity your investment generates. Talk about have your cake and eat it too!

The additional deductions fall in two categories: Section 179 expensing and a Special Depreciation Allowance. Section 179 of the tax code allows businesses to write off investments in eligible property immediately instead of depreciating it over time.

The normal limit for the Section 179 write-off is \$128,000 total for your business tax year, but for eligible property purchased and placed in service in your business tax year beginning in 2008, the limitation is almost doubled to \$250,000. The \$250,000 deduction amount is reduced only when a business purchases more than \$800,000 of eligible property.

Let me repeat that: for an eligible company and property, you will be able to write off completely against your taxable income up to \$250,000 of investment in property you place in service in the 2008 tax year so long as you do not purchase more than \$800,000 of eligible property that year. This can create a tremendous cash flow advantage to you and your business.

The second provision of the act is the Special Depreciation Allowance. This allowance is in addition to the Section 179 write off and allows the business to take depreciation of 50 percent of the cost of the property after taking the 179 expense. Then on the 50 percent that is left, you still get to take your full first year depreciation. To qualify for the Special Depreciation Allowance, the original use of the property must begin with the taxpayer after December 31, 2007. In other words, the property must be "new" property.

See **Economic Stimulus** page 4.....

SBA Buffalo District Office  
540 Niagara Center  
130 S. Elmwood Avenue  
Buffalo, NY 14202  
(716) 551-4301 x309  
[www.sba.gov/localresources/district/ny/buffalo/index.html](http://www.sba.gov/localresources/district/ny/buffalo/index.html)

*Your Small Business Resource*

Every day, the U.S. Small Business Administration and its nationwide network of partners help millions of potential and current small business owners start, grow and succeed.

Resources and programs targeting small businesses provide an advantage necessary to help small businesses effectively compete in the marketplace and strengthen the overall U.S. economy.

SBA offers help in the following areas:

- Starting a Business
- Financing a Business
- Growing a Business
- Opportunities in Contracting
- Recovering From Disaster
- A Voice for Small Business in Government

Visit SBA online at [www.sba.gov](http://www.sba.gov) for 24/7 access to small business news, information and training for entrepreneurs.

*All SBA programs and services are provided on a nondiscriminatory basis.*

## FREE GENERAL INDUSTRY SAFETY TRAINING

The US Small Business Administration  
Buffalo District Office is pleased to announce...

### GENERAL INDUSTRY SAFETY TRAINING

When: SEPTEMBER 9 & 10, 2008

8:00 AM – 3:30 PM

*\*Includes a ONE HOUR LUNCH BREAK (ON YOUR OWN)*

Where: 1 Batavia City Centre

Council Boardroom, 2<sup>nd</sup> Floor  
Batavia, NY 14020

This FREE course is for General Industry personnel. Topics include, but are not limited to: Introduction to OSHA, Walking & Working Surfaces, Electrical, Personal Protective Equipment, Hazard Communication & Emergency Preparedness and other topics. Upon successful course completion, the student will receive an OSHA General Industry Safety and Health 10-hour course completion Certification Card. (You must attend both days to receive your OSHA 10-hour Certification Card – Please Be Prompt!)

THIS EVENT IS PRESENTED BY:  
NEW YORK STATE DEPARTMENT OF LABOR

CONTACT PAMELA ANDOLINA @ (716)551-4301x301 – or –  
LAURA McCABE @ (716)551-4301x310

EMAIL AT: [PAMELA.ANDOLINA@SBA.GOV](mailto:PAMELA.ANDOLINA@SBA.GOV) - OR – [LAURA.MCCABE@SBA.GOV](mailto:LAURA.MCCABE@SBA.GOV) TO REGISTER BY 9/1/08

#### DRIVING DIRECTIONS:

Take the NYS Thruway (I-90) to Exit 48 (Batavia). After the toll booth, proceed to the stoplight. Make a left at the stoplight onto Route 98. Take Route 98 for about one mile to Main Street. Make a left onto Main Street (Rt. 5). About one mile down Main Street, make a left onto Jefferson Avenue. The Batavia City Centre is on the corner. There is free on-site parking. Enter at the Main Entrance to the Batavia City Centre and take the stairs (or elevator located on the left as you enter) to the Second Floor. The training room (Council Boardroom) is on the left at the end of the corridor.

FOR HOTEL AND RESTAURANT INFORMATION: [WWW.GENESEENY.COM](http://WWW.GENESEENY.COM)

## ECONOMIC STIMULUS.....

For the eligible equipment that you buy before the end of this calendar year and after the beginning of your 2008 tax year, you can get up to three deductions in your 2008 tax year. For example, if you purchase and place into service eligible property that costs you \$450,000 on August 1, 2008, and your 2008 business tax year starts July 1, 2008, you can have the 179 expense of \$250,000, the Special Depreciation Allowance of 50 percent of the remainder, \$100,000 and still take the regular first year depreciation on the remaining \$100,000 of basis. On property with a 5-year tax life, that could mean a write-off of \$370,000 in your 2008 business tax year for an investment of \$450,000. If you purchase and place into service this same property after December 31, 2008, but still in your 2008 business tax year, you can still take a 179 expense up to a total of \$250,000 on all eligible property purchased in your 2008 tax year.

If you want to really leverage the tax savings, the U. S. Small Business Administration's loan programs are designed to help small businesses grow. Because of the long-term nature of both the 7a and 504 loan programs, your payment on an SBA loan this year could easily be less than the tax savings you receive so you could actually generate cash for your business in 2008 by financing the equipment purchase with an SBA guaranteed loan. Contact your nearest SBA office by visiting [www.sba.gov](http://www.sba.gov) to find a participating lender in SBA's 7a or

504 loan programs.

The Special Depreciation Allowance also helps with vehicle purchases, increasing the allowable first year depreciation on trucks and vans weighing less than 6,000 pounds to 350 percent of the normal maximum (from \$3,160 to \$11,160) and on automobiles to 370 percent of the normal maximum (from \$2,960 to \$10,960).

As always, there are exceptions. You will need to consult your tax advisor before making any decisions based on the 2008 Economic Stimulus Act. The Section 179 write-off is only available to companies that purchase less than \$800,000 of eligible assets in the tax year and the Section 179 expensing limit for SUVs remains \$25,000. Also, since these allowances are deductions from taxable income, they will only benefit companies that have profits to offset.

The SBA provides a Depreciation Calculator, fact sheet, on-line seminar and links to additional information on the act at <http://www.sba.gov/stimulus/>. The Internal Revenue Service provides additional in-depth information about the Act at Business Provisions of the Economic Stimulus Act of 2008

- IRS To Issue Guidance on Special 50-Percent Depreciation Allowance <http://www.irs.gov/irb/2008-04/irb08-0401.html>
- 2008 Economic Stimulus Act Provides Tax

Benefits to Businesses

The Small Business provisions of the Economic Stimulus Act of 2008 are an excellent opportunity for you to invest in the equipment you need to take your business to new levels of productivity while providing great cash flow benefits from the tax savings you will experience this year.

### Small Business Week Nominations Due

The SBA is looking for nominees for Small Business Week 2009. If you are interested in nominating someone, please visit the SBA website to review the SBW guidelines or contact Kelly LoTempio at [Kelly.lotempio@sba.gov](mailto:Kelly.lotempio@sba.gov).

Nominations for 2009 are due in the SBA Buffalo District Office by Friday, November 7. Thank you!

## Financial Management for Small Business

The SBA Buffalo District Office held a FREE full day workshop "Financial Management for Small Business" on Wednesday, July 16. Rose Mary T. Swindell, President, RT Consulting and Training, Inc. presented the workshop. Eligible small disadvantaged business owners with the fundamental finance management principles needed for the success of their small business participated.



## SPOTLIGHT ON SMALL BUSINESS—

### Boutique Owner Turns Passion into Business

Devon Donovan, a young entrepreneur, owns and manages Chique Boutique located at 1069 Abbott Road in South Buffalo, New York where she displays rich arrays of high-fashion merchandise including: glassware, candles, home décor, jewelry, purses and other gift items in a quaint storefront location.

After attending Canisius College and receiving her business management and communications degrees, Donovan already completed the business model she needed to start her boutique. To further sharpen her skills, Donovan visited with the Small Business Resource Center (a strategic partner of the Women's Business Center at Canisius College) and the Buffalo Economic Renaissance Corporation for assistance. BEREC provided Donovan with the Entrepreneurial Assistance Program, a 13 week course which assists business owners with the development of sound business and marketing plans. This course is a complete educational series designed to assist participants to create realistic goals and make logical decisions about their businesses.

Upon completion, students are eligible to receive an SBA BEREC Micro Loan. The SBA BEREC Micro Loan is designed to help newly formed businesses open or expand. It provides fixed rate financing up to 90% of project cost, with loan amounts ranging from \$1,000 to \$10,000 inclusive. Funding uses include the improving/renovating and/or the acquisition of real estate, demolition, project soft costs, the purchase of furniture, fixtures, machinery, equipment, and inventory and for permanent working capital.

Established in 2003, the WBC is designed to assist women in achieving their dreams and improving their communities by helping them start and run successful businesses, regardless of social or financial disadvantage, race, ethnicity or business background. Thousands of women benefit every year from the WBC's assistance.

The Small Business Resource Center was also an integral part of her success. Maureen Pace, Coordinator of Entrepreneurial Business Programs for the SBRC said "Devon was a go getter from the start, with money she saved, training and her creative ideas; I knew she would be-

come a successful young entrepreneur!"

Donovan blew the dust off the business model for starting a business she had presented as part of her master's thesis; she modified it focusing on boutique offerings and with the assistance of the SBRC and BEREC EAP received a SBA Micro Loan and matching Grant loan.

With her loan, Donovan has expanded her boutique adding new inventory and completing renovations.

In addition to her devotion to her business, Devon Donovan is devoted to community. Chique Boutique purchases items from the Baker Victory Service Center for disabled children. Donovan is a member of Buffalo First a coalition of 200 individuals, organizations and local independent businesses committed to building a more local, green and fair economy in Buffalo, NY. Donovan is also President of the South Buffalo Chamber of Commerce.

No fan of hard sell, Donovan reminds customers "You're spending your money locally; it's going to stay local". Chique Boutique assists women's organizations like the Susan G. Komen Breast Cancer and Dress for Success Foundations by donating 10 percent of her costume jewelry sales". Her boutique also features 14 local artists. She earns unending loyalty by finding tactful ways to enhance small business success by supporting the local South Buffalo district and other non-profit organizations.

Boutique owner, Devon Donovan's mission - "Buy Local, Shop Local, & Be Local." And so far, her business has made breaking into the boutique market look easy!"

"This article does not constitute or imply an endorsement by SBA of any opinions, products or services of any private individual or entity"

**Maureen Pace, Coordinator of Entrepreneurial Business Programs for the SBRC said "Devon was a go getter from the start, with money she saved, training and her creative ideas; I knew she would become a successful young entrepreneur!"**